
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes June 23, 2005

The monthly meeting of the School Property Tax Control Board was held on Thursday, June 23, 2005. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Patty Bond, Carlyn Johnson, Chuck Nemeth, Ken Barnes, Dave Bowen, Joe Bronnert, Kurt Barrow and Teresa Hemmerle, Administrative Officer.

Minutes and Discussion: May 26, 2005 meeting minutes.

Edinburgh Community School Corporation, Johnson/Shelby/Bartholomew County:

Officials requested approval of a lease rental agreement with maximum annual payments of \$185,000 for 15 years. Total project costs are \$1,360,000. The tax rate impact of the project is \$0.09 with no new facility appeal planned. The Governor's Representative was absent from the common construction wage meeting, but the scale was passed by a 4 to 0 vote. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Rebecca Sager, Superintendent; Dave Tischbein, School Official; Larry Gesse, School Attorney; Damian Maggos, City Securities and Jane Herndon and Jim Shanahan, Ice Miller.

Project: The project includes the following scope items:

High School/Middle School:

1. Provide Lighting retrofit throughout the facility
2. Install New Building Management System for the facility
3. Replace Domestic Hot water boilers
4. Connect Hot Water piping in West Boiler room to New Boilers
5. Replace rooftop Air Handling Units for Library and Office locations
6. Install Water Conservation devices
7. Paint the Gym ceiling
8. Provide Asbestos Abatement for Boilers and associated equipment

Eastside Elementary:

1. Provide Lighting retrofit throughout the facility
2. Install New Building Management System for the facility

3. Install New 2-Pipe Heating/Cooling system
4. Replace Classroom Ceiling Tiles
5. Install Water Conservation devices
6. Upgrade Electrical system
7. Install Electrical system grounding for the facility

Comments: Mr. Shanahan spoke about the project. The statutory framework of this project is the same as Martinsville. Historically contracts use the public bidding process. An architect is hired and prepares plans, which are put out for contractors to bid on the project. A second choice is the Guaranteed Energy Savings contract. The school would advertise a request for proposals and providers tour facilities before submitting the proposal. The statute for Guaranteed Energy Savings is different for three reasons. The first is that a renovation project only qualifies to be done in this manner. The second reason is energy conservation measures only apply. The third reason is a school must put in writing that the project will pay for itself through savings. A majority of these projects are done through an installment payment method and paid through the Capital Projects fund. The Capital Projects fund is strapped due to the neutrality of pension debt. Legislation has also allowed General fund costs to be paid out of the Capital Projects fund, which has a maximum tax rate limiting its funding as well. There will probably be more of these projects before the control board in the future. Recent legislation regarding design-build projects takes effect July 1, 2005. The school would get a bid amount for a set enrollment figure. He feels this is bad public policy. School officials will comply with the law as it is written. The process Edinburg officials followed was set forth by the State of Indiana. There have been three amendments to the statute governing Guaranteed Energy Savings contracts. The law allowed for the payment of these contracts out of the Capital Projects fund. A second change limited these to providers that are certified by the State of Indiana. The third change allowed costs that are avoided can be counted as savings.

The Superintendent continued the discussion. A facility study was completed by Fanning/Howey in 1995. They recommended a three-phase project to address heating and cooling system. The first phase was done in 1995 and the second was completed in 1997. Another facility study by Fanning/Howey was completed in 2002. The third phase was put on hold due to taxpayer concerns. The maintenance staff felt they could still maintain the systems at that time. There is a lack of consistent heating and cooling at the middle/high school. The instability of the units at the elementary school is a constant concern. Maintenance staff requested updates to the system as the Capital Projects budget was being formulated. Officials knew the band-aid approach was not wise in addressing the system problems. The middle/high school was built in 1957 with additions built in 1963 and 2003. The elementary school was built in 1965 and the addition built in 1978. They want to put the sections under one efficient system. Officials met with Energy Systems Group in March 2005 and was consistent with Fanning/Howey findings. A request for proposals was developed and they met with officials from Trane who had been interested in the project. The project cost is estimated at \$1.4 million. There have been a couple articles in the local newspapers and the Superintendent spoke at a Chamber of Commerce meeting about the project.

Mr. Bowen questioned whether Energy Systems was financing the project as stated in the 1028 meeting minutes submitted with other project materials. Mr. Shanahan said that was not the

case. The minutes reflect an abbreviated version of what occurred at the meeting. The Building Corporation will finance the project. Mr. Bowen asked why report a tax rate impact if this type of project was designed to not have an impact. Mr. Shanahan said the savings have to exceed to cost to enter into the contract. These types of projects can be financed in several ways. They can be paid through the Capital Projects fund, a general obligation bond or a lease rental. There are two separate components to a Guaranteed Energy Savings contract, the construction project and the type of financing. Mr. Shanahan noted the DLGF has approved Delphi Community Schools transferring their Guaranteed Energy Savings contract payments from the Capital Projects fund to the Debt Service fund recently. Mr. Maggos said they studied all options for financing, but the Capital Projects fund is at the maximum and the bond capacity was eliminated last year by the pension bond issue. The lease rental was the only option available in this case. Mr. Shanahan said he thinks past precedent on these types of projects has been set and the statute addressing Guaranteed Energy Savings contracts has not changed.

Mr. Nemeth clarified what has changed with the Guaranteed Energy Savings contract statute.

Mr. Barnes asked if the petition and remonstrance statute does not apply to Guaranteed Energy Savings contracts. Mr. Shanahan said even though the contract cannot be challenged, the lease rental financing could be if over \$2 million, as was the case with Martinsville. This issue was below the \$2 million so it was not subject to the remonstrance process. Mr. Barnes asked if bond capacity had been available, would officials have financed this in that manner. Mr. Shanahan said yes since that is faster and easier to issue than a lease rental. Mr. Barnes asked if the contractor's risk could be quantified and Mr. Shanahan replied no and noted that contingencies are built into other projects. Mr. Barnes asked about the commitment by the contractor after installation, would someone be available for maintenance. School officials said a person would meet with them quarterly to review the performance of the system. Mr. Barnes asked if this person would perform maintenance and officials replied no. Mr. Barnes asked how many bids were received and officials replied one. The Superintendent said Trane had been interested, but did not bid on the project. Mr. Barnes asked if officials used design/bid for this project and Mr. Shanahan replied yes.

Mr. Bowen noted that no design fees were listed on the hearing and the DLGF would need that information. Mr. Shanahan said Energy Systems Group would submit that information to the DLGF.

Mr. Bronnert asked if the \$60,000 in savings was on top of the \$185,000. Officials said the total savings would exceed the contract. Mr. Shanahan said the savings are expected to be \$126,000 per year.

Mr. Barrow noted the financing fees were higher than other projects and asked for an explanation. Mr. Maggos said the cost of financing is the percentage of total financing costs. The percentage on the old hearing information sheet was to total project costs. He spoke to the person who constructed the hearing information sheet and pointed this out. Smaller projects will show a higher percentage as there are set fees. Ms. Herndon noted that a certain amount of work is done on a lease regardless of the size of the project. Mr. Shanahan said he feels the DLGF

compares leases and bond issues, which should not be compared. The timing of a bond sale can also increase costs such as capitalized interest.

Mr. Bowen asked who the architect/engineer would be for this project. An official responded an in-house engineer from Energy Systems Group. Mr. Bowen asked if this meets the statutory requirement and an official replied yes as long as they are licensed.

Mr. Bronnert asked if the lease term was 10 or 15 years. Mr. Shanahan said 15 years, but the minimum needed is 12 years since repayment will not begin right away.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$185,000 for 15 years. Ms. Johnson seconded the motion. Mr. Nemeth noted he would not let his difference of opinion affect his vote. Ms. Bond called the motion to a vote, which favorably carried 7-0.

Muncie Community Schools, Delaware County: Officials requested approval of a lease rental agreement with maximum annual payments of \$7,298,000 for 19 years. Total project costs are \$55,000,000. The tax rate impact of the project is \$0.3616 with no new facility appeal planned. The common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Dr. Marlin Creasy, Superintendent; Steve Edwards, Assistant Superintendent; Mark Burkhart, Associate Superintendent; Bill Reiter, Director of Facilities; Jerry Gibson, Construction Manager; Bill Payne, Fanning/Howey; Beth Ann Gibson, Project Manager; Colette Irwin-Knott, HJ Umbaugh and Thomas Peterson, Ice Miller.

Project: Longfellow Elementary School:

- Add pavement to separate vehicular and bus circulation.
- Renovate existing pavements.
- Renovate playground facilities.
- Comprehensive renovation of building envelope, interior spaces, and mechanical/electrical/plumbing systems.
- Interior renovation to include reconfiguration to enlarge media center and administrative offices, and retain separate art and music classrooms.
- Add space for separate cafeteria and enlarged kitchen

Mitchell Elementary School:

- Provide new pavements for separation of parking and student drop-off site.
- Renovate parking surface and improve drainage.
- Renovate playground facilities.
- Provide window replacement and other exterior repairs.
- Renovate mechanical system and add air conditioning.
- Interior renovation to enlarge media center.
- Add space to accommodate separate cafeteria, additional toilet rooms, storage, music, art, special education, and computer lab spaces.

West View Elementary School:

- Provide new pavement areas on site for drop-off and handicap accessible parking.
- Renovate playground facilities.
- Renovate exterior building envelope, including window replacement.
- Renovate HVAC system.
- Interior renovation to include reconfiguration to enlarge the media center and administrative offices, and retain separate music and art classrooms.
- Add space for separate cafeteria space and enlarged administrative offices.

North View Elementary School:

- Provide additional pavement to increase on-site parking.
- Renovate pavement surfaces.
- Renovate playground facilities.
- Replace windows.
- Provide interior renovations to address specific concerns.
- Renovate mechanical system and add air conditioning.

Muncie Southside High School:

- Renovate pavements and improve drainage.
- Comprehensive renovation to exterior including roof, window, and door replacement.
- Comprehensive renovation of interior building and mechanical/electrical/plumbing system.

Muncie Central High School:

- Add additional pavements to improve student drop-off/pick-up and separate vehicular traffic.
- Renovate pavements.
- Replace bleachers at tennis courts and soccer field.
- Improve grading and drainage at soccer field, practice football field ball diamonds.
- Renovate exterior building envelope including specific roof and coping areas, exterior brick masonry at natatorium, auditorium, and lintels and some exterior window replacement.
- Provide vestibules at primary entrances.
- Interior renovation should address the following:
 1. Science department reconfiguration.
 2. Art department renovation.
 3. Accessibility issues.
 4. Remodeling concerns as identified.

Corporate-wide Improvements:

- Address essential ADA issues.
- Life-safety systems.
- Parking and site access issues.

Comments: The Superintendent spoke about the project. Officials have spent the last four years examining facility needs. They have been using limited resources in the Capital Projects fund to maintain facilities. A middle/high school was closed in 2003 and an elementary school in 2005. Officials hired a firm to do a facilities study and formulate a plan. During the study, officials received input from administrators, teachers and the community. The Superintendent held meetings in all areas of the district to discuss facility needs. The Superintendent put together a facility plan and submitted it to the school board. The school board asked the administration to prioritize the projects to determine needs versus wants. More than 60 local meetings held over a six month period to discuss the project and officials spoke to community groups as well. The non-instruction projects were made the lowest priority. The \$95 million project was reduced to \$55 million. There were 20 patrons that spoke in favor of the project at the 1028 hearing and none against. All comments they have received have been favorable. The project involves upgrading four elementary schools to be full-service as the other six are currently. This would allow dedicated space for special education, a library, art and music. The community is interested in equitable programs for all elementary schools. They will replace four portable classrooms at Northview Elementary School. All of the facilities are located in growing areas of the district. The elementary schools will see improvements to make them ADA compliant. The project will update high school science labs. Southside High School has seen little work since it was built in 1962 and is in a fast growing area. Both of the high schools will see improvements to make them ADA compliant. Windows will be replaced at all of the facilities to make them more efficient. Officials determined renovation would be less costly than building new. This project should accommodate their needs for the next 25 years as they expect only modest growth over the next ten years.

Mr. Barnes noted the hearing information sheet reports interest during construction and interim lease rental payments. Mr. Barnes asked if lease rental payments would be made during construction and Ms. Irwin-Knott replied yes. Mr. Barnes asked if it was not enough to cover interest and Ms. Irwin-Knott replied yes. Mr. Barnes said construction management fees were high, but the project involves six buildings and asked if the construction would oversee the entire project. The Superintendent replied yes. Mr. Barnes felt the construction manager and architect fees were probably higher due to the large number of facilities involved in the project. Mr. Barnes asked what caused the contingency to be so high for this project. Officials replied since this project is mostly mechanical renovations, the contingency is higher. The construction management fee is an all-inclusive fee, which means reimbursable items are included. They had seven construction management firms respond to the request for proposals and officials chose one of the least expensive proposals. The Superintendent said one of the big concerns with renovation is what will be found internally when construction begins.

Ms. Bond said there are ten classrooms to be added at Longfellow then asked if more classes would be added to Mitchell. A school official replied the current gymnasium doubles as the cafeteria. They will have additional space for either, whichever is cheaper. The project will also add an art and music area. Ms. Bond asked if more space would be added to accommodate a separate cafeteria or gymnasium depending on the cost and a school official replied yes.

Ms. Johnson asked who would decide which would be built and the school official said that decision was between the school corporation, architect and construction managers.

Ms. Bond asked for more detailed descriptions of Westview Elementary, Northview Elementary and Southside High School. A school official said the Westview project was similar to the Mitchell Elementary School project. Officials want to remove the four modular units from Northview Elementary School. The project at Southside High School is a total mechanical renovation throughout the building. The Superintendent noted there will also be an extensive remodel of the Industrial Education area. Ms. Bond asked for a description of the Muncie Central High School project. A school official said that no additional space will be added. It mainly involves the improvement of the science area and enclosing some open areas, as well as improvements to the art area and HVAC updates. The Superintendent explained that Muncie Central was built as an open-concept facility and has been enclosed over the years through the use of the Capital Projects fund.

Mr. Bowen asked if the \$4 million contingency was for design and construction and a school official replied construction. Mr. Bowen asked how remaining contingency funds would be used and a school official said they were not sure the \$2.3 million dedicated for ADA issues would be enough.

Ms. Bond asked what ADA issues would be addressed with this project. The Superintendent said they need to install elevators. They have used the Capital Projects fund in the past for emergency ADA issues.

Mr. Nemeth asked if an independent consulting firm reviewed their facilities and a school official replied yes. Mr. Nemeth asked if one of the facilities included in the project was rated low and the school official confirmed it was Longfellow. Mr. Nemeth asked why it was rated low. Mr. Payne said the building assessment is used throughout the country. The lowest score was a C, which is middle of the road. The low rating was due to the facility not being full-service and mechanical issues. The facility is still structurally sound and ripe for renovation. Mr. Nemeth asked what score Morrison Mock received. The Superintendent said it was high, but it was closed due to lack of population in the area. Mr. Nemeth asked if renovation was recently done on Morrison Mock and the Superintendent replied yes. Mr. Nemeth asked if the cost of that renovation was a couple of million and the Superintendent said it was certainly over \$1 million. Mr. Nemeth asked if that facility was sold for less than the renovation cost and the Superintendent said yes. Mr. Nemeth asked who the facility was sold to. The Superintendent said the facility was appraised by two independent appraisers for \$550,000 and it was sold to a non-profit mental health organization. The Superintendent said he has received concerns about this issue. All three facilities they are removing are going to non-profit organizations that will impact the school district. One is a mental health facility that needs additional space and currently assists their students.

Mr. Bronnert asked what items were removed from the project to reduce the cost. The Superintendent said their community reacted prior to the Governor's moratorium order. All athletic and outside recreation areas were removed. Anything considered nonessential to instruction were removed.

Mr. Barrow asked what would be done with the funds from the sale of the three facilities. A school official said he assumes it would go to the General fund, but the school board has not made that decision.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$7,298,000 for 19 years. Mr. Nemeth seconded the motion, which carried 6-1. Mr. Barrow cast the dissenting vote.

Penn-Harris-Madison School Corporation, St. Joseph County: Officials requested approval of a general obligation bond issue in the amount of \$1,895,000. The total project cost is \$1,895,000. The term of the bond is one year. The tax rate impact of the project is \$0.0714 with no new facility appeal planned. The common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Denise Seger, Associate Superintendent; Rebecka Kocsis, Treasurer; Tom Hartman, Director of Facilities; Ralph Gerhart, Municipal Finance Corporation and Jane Herndon and Jim Shanahan, Ice Miller.

Project: Elm Road Elementary School:

- Electrical upgrades-additional receptacles
- Partial roof replacement

Elsie Rogers Elementary School:

- Install a new PA system

Horizon Elementary School:

- Add wood carpet at playground area

Moran Elementary School:

- Add concrete sidewalk for bus pick-up
- Hook up sanitary sewer to Mishawaka Utilities

Prairie Vista Elementary School:

- Replace existing hot water heaters
- Add wood carpet playground

Walt Disney Elementary School:

- Replace damaged asphalt play areas
- Install Liebert air conditioning for computer lab
- Seal asphalt parking and drives

Discovery Middle School:

- Synergistics Lab updates

Grissom Middle School:

- Add speakers in corridor
- Synergistics Lab updates

Schmucker Middle School:

- Add speakers in corridors
- Install drinking fountain in fitness room
- Synergistics Lab updates
- PC replacement project

Penn High School:

- Add automatic door operations at B & M
- Roof repairs/replacement
- Tennis court repairs
- Interior painting and vinyl wall covering
- Carpet and floor tile replacement
- Install two new diving boards
- Install a floor coating in the greenhouse
- Add air purifiers for three locker rooms
- New swim timing system
- Improve drainage on varsity football field

Support Services Center:

- Add independent air conditioning in technology room

Comments: The Assistant Superintendent spoke about the project and read a brief statement from the Superintendent. The proposed general obligation bond issue will allow for building improvements and equipment purchases that cannot be funded from the Capital Projects fund. The assessed value for 2004 dropped, which lowered their Capital Projects fund budget. They had been utilizing it for many of these projects, but the fund is now obligated to ongoing fixed costs. Officials have utilized bond issues over the past few years and hope to avoid larger emergency needs later. They will address safety issues and maintain building structure with this project. They reviewed requests for project needs with the school board in February 2005 and held several public meetings to discuss them. The tax rate impact of this project is estimated to be around \$0.07. The expected adjustment to the assessed value due to the farmland value reduction is \$9 million. A 2003 demographic study submitted with materials concluded the district would experience a slight leveling, and then a decrease in enrollment, but this has yet to occur. Officials plan to do another study soon to update those findings. Officials do not anticipate another project in the near future. They believe they will have another 200 students this fall.

Ms. Johnson asked about the wood carpeting listed on page ten of the hearing information sheet. A school official replied it is wood chips used under playground equipment.

Mr. Bowen asked about the architect fees. The Assistant Superintendent said the \$40,000 in architect fees was included in the \$1.4 million construction costs. There are four architects involved in the project. Mr. Bowen asked how the cost estimate was established and a school official replied from past experience. Mr. Bowen asked if a contingency was included and the school official said it was a guess at this point. The Assistant Superintendent said the Synergistics lab was a very good figure based on an earlier project. Mr. Bowen asked about the estimate for the roof and a school official said it was estimated by square footage. Mr. Bowen asked if the roof would be totally replaced and a school official said it was a partial replacement.

Ms. Bond asked about the computers for Schmucker Middle School project. The Assistant Superintendent said the computers are for labs and teaching stations. This facility will have the largest enrollment after redistricting is completed. Ms. Bond asked how many computer labs are in Schmucker Middle School and the Assistant Superintendent replied three.

Mr. Nemeth asked if there were any other outstanding general obligation bonds other than the 2000 and 2004 issues. Officials replied no, the long term issue is the severance bond and the 2004 issue has a one year repayment. Mr. Nemeth asked if the amount of the project was predetermined to remain under \$2 million and officials replied no, they were not trying to reach a certain point.

Mr. Bronnert asked how old the computers are that are being replaced. The Assistant Superintendent said they are six years old and they are a mix of Apple and Macintosh.

Motion: Ms. Johnson made a motion to approve a general obligation bond issue in the amount of \$1,895,000. Mr. Nemeth seconded the motion, which favorably carried 7-0.

Valparaiso Community Schools, Porter County: Officials requested approval of a pension bond issue in the amount of \$13,210,000. The term of the bond is 20 years. The tax rate impact is \$0.0439. The hearing information sheet states the Capital Projects fund will be reduced to offset the debt.

Present for the hearing was Michael Benway, Superintendent; Steve Hewlitt, Assistant Superintendent; Todd Samuelson, HJ Umbaugh and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials originally requested \$7.2 million in October 2001 before legislation changed the bonding capacity for pension bonds. Officials are requesting \$13.2 million in addition to the first issue to resolve their unfunded liability.

Mr. Barnes asked what the school board vote was on the bond issue and the Superintendent said 5 to 0. Mr. Barnes asked what fund would be reduced to offset the debt and the Superintendent said the Capital Projects fund. Mr. Barnes asked if the liability was still as of June 30, 2001 and the Superintendent said yes.

Mr. Nemeth asked when officials appeared before the control board on the first pension issue. The Superintendent said it was October 2001. Mr. Nemeth asked if officials reached an

agreement with teachers and the Superintendent said yes. Mr. Shanahan explained the reason for returning was the pension bond capacity was too low to cover the amount needed to eliminate the unfunded liability. Mr. Nemeth noted the answer to question 10 on page 6 of the hearing information sheet. Officials said that has changed since an agreement has been reached with teachers. A new hearing information sheet was submitted and included the agreement.

Motion: Mr. Nemeth made a motion to approve a pension bond issue in the amount of \$13,210,000 with a term not to exceed 20 years. Mr. Bowen seconded the motion, which favorably carried 7-0.

Lake Central School Corporation, Lake County: Officials requested approval of a lease rental agreement with maximum annual payments of \$3,080,000 for 25 years. Total project costs are \$42,575,000 with \$7,575,000 from the Capital Projects fund. The tax rate impact of the project is \$0.05 with a new facility rate impact of \$0.029 expected. The common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Janet Emrick, Superintendent; Tom Dykiel, Business Manager; Ed Vargo, Director of Construction; Thomas Kuhn, Architect; Randy Ruhl and Kelly Hill, City Securities Corporation and Jim Shanahan, Ice Miller.

Project: At approximately 206,000 total square feet, the new middle school for Lake Central School Corporation was designed to accommodate up to 1,200 students.

With some exceptions, the entire building will be constructed from concrete block including most interior walls. The majority of the roof will be a single ply membrane over 3” rigid insulation. The exterior of the building will be faced with colored split face block and face brick with precast concrete accents.

The plan of the school is comprised of three distinct areas-the classroom wing, main office/lobby, and the “specialties” wing containing such functions as music, gymnasium, cafeteria, and vocational classrooms.

For economy, the classroom wing was designed as two stories with a nearly identical classroom arrangement between the first and second floor. As with most spaces, the classrooms will be finished with painted concrete block walls, resilient flooring, and lay-in ceilings. Although each regular classroom will have a window, there will be a very limited amount of glass on the project with the majority of glass at the main entry.

The school will also include a large group instruction room for around 168 students, as well as a cafeteria that will have a platform on one end that can be used for special functions.

Comments: The Superintendent spoke about the project. Lake Central School Corporation is located in St. John Township in Lake County. There are nine schools in the district, one high school, two middle schools and six elementary schools. A tenth facility is needed desperately. The proposed new school will have a grade configuration of 5th-8th. The other two middle

schools would also add the 5th grade, making room at the elementary level. One new facility would then free up space at eight other facilities. The capacity standards established by the school board are 3,000 for the high school, 1,100 for the middle school and 600 for each elementary school. The elementary schools are all over capacity with an average of 680 students. One middle school is over capacity and the second is 76 students away. There are three towns located within the school district, Schererville. There are a total of 2,831 single family homes and 672 multi-family units that have been approved or in the process of approval by the planning commissions of the three towns in the district or the county. This does not include a 1,500 home/multi-family complex in St. John Township. The area is seeing growth due to people moving in from the northern part of Lake County and the Chicago area. Officials will lease four classrooms from Munster Schools to house their special education pre-school program. With those four classrooms, they will have nine elementary classrooms and five portable classrooms available in the district to handle the elementary population until 2007. Officials plan a fourth lunch period at the middle school to allow the use of the cafeteria at both schools. They have cut back on gym time due to space constraints. The computer classes are full and they are running out of space for special education programs requiring specific accommodations. The district has grown by over 780 students the last five years, with 391 new students for the 2004-2005 school year. The district has added 174 classrooms the past thirteen years. They have expanded three gymnasiums and built an additional gymnasium. They have expanded five cafeterias, one library, built two computer labs and added offices for the special education cooperative. Since 1994, officials have paid for any addition through the Capital Projects fund. The plan was to build a new school in 2011, assuming growth was 125 students per year, so old debt could be retired before new payments began. Officials have tried to minimize any burden on taxpayers. The Superintendent decided it was time to voice her concerns for the immediate future as one elementary school grew by 54 students in August 2003. There is no more room to build on the current sites and the physical plants are maxed out. The Superintendent is not sure what to expect of enrollment the next couple of years, but larger class sizes would be the next step if a new facility is not constructed. There is also a concern if any or all of the three parochial schools would close, Lake Central would not be able to accommodate these students. The current debt obligations amount to \$5.9 million. These obligations will decrease to \$5,485,000 in 2007 and to \$4,350,000 in 2012. The need for the new school is growth driven and officials are trying to keep the costs to a minimum. The facility is a standard "no frills" middle school that will include a playground for the 5th grade students. There will only be athletic practice fields, no track, football field or soccer field. The financing of \$31 million is for the building only and other items such as furnishings, technology, site preparation and improvement will be covered by the Capital Projects fund and some remaining holding corporation funds. Based on St. John Township's 2002 assessed value, an owner of a \$200,000 home will pay \$73 more per year for this new school. There was no remonstrance filed against this project and the Superintendent spoke at several public meetings and community gatherings about the project. The project involves the construction of a 206,108 square foot 5th-8th building to house up to 1,100 students. The facility will have 58 classrooms, 2 computer labs, 1 library, various offices, a gym, a large group instruction room, storage rooms, locker rooms and a cafeteria. The cost per square foot looking only at construction costs is \$170.69, which equates to \$187.37 per square foot per student or \$31,981.82 per student for the entire building. The Superintendent feels the cost is as low as possible considering Lake County has some of the highest per hour wages for trades in the state. Officials researched the possibility of year round

school over a two year period with a committee of parents, administrators, business people and teachers. They found districts running a 12 month calendar dealt with several problems including; all energy focused on the school calendar and not school improvement efforts, difficult scheduling vacations if not all schools in district on year round calendar, attendance problems when students move on to a school not on the year round calendar, do not have the summer for cleaning and maintenance projects, summer school cannot be offered, difficult to conduct professional development, and state testing is difficult. Officials estimated the cost of a year round schedule for all of the elementary schools and one middle school would add over a million in additional costs each year. Officials considered building an intermediate school, but felt it would not be efficient or cost effective. The Superintendent said the proposed project probably was not a long-term solution, but hoped this would get them by until 2011 when additional debt is paid off. The proposed middle school is modeled after a school built in Zionsville, which has been in place for four years. The program seems to be working very well in that it is a four star school and its combined score in language arts and math is 91.1%. The school board unanimously supports this project and is concerned about the rapid growth in the school district. The Superintendent feels if growth continues at the current rate, they will need to provide relief to the high school level. This project just buys them time at the elementary and middle school levels. The school corporation currently owns enough land for another middle or elementary school. School officials have attempted to purchase land to have the ninety acres needed for a high school, but developers buy up property at a higher price than the school can offer. A feasibility study is being planned for a high school. They are in the process of updating the strategic plan that includes a five year building plan. Lake Central is running out of classrooms and the students keep coming. Officials have added on to existing buildings, but are quickly running out of room on those school sites even for portable classrooms. The physical plants and ancillary facilities are overtaxed and cannot accommodate much more. If a new school is not available to Lake Central students in August 2007, class sizes will be intolerable.

Mr. Barrow asked how much different is Lake County since the costs for this project were approximately 31% higher. The architect said the site improvement costs for this project are high. The sewer must be extended 2,000 feet and the water mains have to be increased in size. The design includes pretty low cost materials. The Superintendent said the facility will have a large group instruction room rather than an auditorium. The requirements of the town are increasing the cost of this project. A school official also pointed out the road in front of the building will have to be widened at the school's expense to allow for a turn lane. Mr. Barrow asked if the school owns the land where the middle school will be built and the Superintendent said yes. Mr. Barrow asked if it was paid for and the Superintendent replied yes.

Mr. Bronnert asked about the heating and cooling system that will be installed in the facility. The architect said the units will take advantage of an energy wheel to save on costs.

Ms. Johnson asked if the facility will have nine rooms for music. The architect said that number includes very small practice rooms. There will be three main rooms for 5th grade music, band and choir.

Mr. Barnes expressed his concern about stretching out principal payments and he would prefer paying this off sooner. He asked the Commissioner of the DLGF to consider a shorter term. Mr.

Ruhl referred to Tab 12 in the City Securities booklet included with the information submitted for review. The first couple of years includes capitalized interest. Payments will increase slightly as other debt comes off. This is a twenty year repayment and they are using a very conservative interest rate that is probably 2% above the current interest rate. They expect a pretty level repayment for this debt. Mr. Shanahan said they have no flexibility to go above \$3,080,000 since that was the amount advertised and adopted.

Mr. Nemeth asked if the formula on page 8 of the hearing information sheet could be overridden and Mr. Ruhl said no.

Mr. Bowen noted the exterior square footage was being included in the total square footage. He thinks someone needs to review the form for this issue.

Mr. Bronnert noted the new facility appeal cannot include nurses or security positions. Mr. Dykiel said they only included the new positions in the information but have no intentions of filing an appeal for them.

Mr. Nemeth asked who will act as the construction manager and a school official said an employee of the school corporation.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$3,080,000 for 25 years. Ms. Johnson seconded the motion, which favorably carried 7-0.

Fort Wayne Community Schools, Allen County: Officials requested approval of a lease rental agreement with maximum annual payments of \$1,340,000 for 14 years. Total project costs are 12,066,762. The tax rate impact of the project is \$0.016 with a new facility appeal rate impact not reported, but anticipated. The Governor's Representative abstained from the common construction wage vote, which was 4-0.

Present for the hearing was Dr. Wendy Robinson, Superintendent; Kathy Friend, Chief Financial Officer; Lynn Peterman, Food Service Center Manager; Steve Parker, Director of Facilities; Bill Sweet, School Attorney; George Bachnivsky, Architect; Rod Wilson and Jim Elizondo, City Securities Corporation and Jeff Qualkinbush, Barnes & Thornburg.

Project: Fort Wayne Community Schools plans to construct a new Food Service Center to replace the current facility, constructed in 1971. The current Center is located within a floodway and the Indiana Department of Natural Resources will not permit an addition or significant renovation to the facility because of its location. During periods of heavy rainfall and snowmelt, the Food Service Center has been threatened by flood waters from the Junk Ditch as shown in pictures submitted.

The current Center is worn out and too small to meet FWCS's existing and future needs. Equipment has worn out and must be replaced. The expensive, specialized plumbing has begun to fail. FWCS engaged experts at McClier from Chicago to prepare a needs analysis in 2003. Their study was attached to materials submitted. It recommended two additions be constructed

in order to offset the deterioration of required components, improve the efficiency of the preparation and processing functions, and improve food safety. FWCS retained MSKTD & Associates, local Architects who have developed a national food processing facility practice, to design the renovation and additions.

Their preliminary discussions with the DNR stopped the planning for the renovation/addition project. The DNR has jurisdiction to approve any development project in the flood plain. DNR told FWCS and MSKTD that no significant improvement would be approved because such a project would inevitably worsen the effects of flooding either at the Center or for neighbors. The results of last January's flooding are obvious in photographs submitted. The potential effect of flooding on food contamination and safety are overwhelming.

Even so, the renovation would not permit appropriate levels of food safety in the process area. McCluer recommended the entire area needs 42 degrees F temperature with insulated surrounds and vapor seals. Preliminary budgeting did not provide for nearly that level of renovation. It would be difficult if not impossible to accomplish these requirements in the existing location even if permitted.

These two factors, the flood zone and the level of food safety, forced FWCS to change directions. The Food Service Center is worn out. Improvement must occur in order to continue to serve the 16,000 meals served daily to the elementary and middle school students within the district. FWCS purchased a fifteen acre site in the northern portion of the district years ago with the expectation that an elementary school may eventually be needed for the neighborhood. After discussions with neighbors and planning to permit use of the front of the site for a school building, we have determined that the back six acre portion of the site may be used for the new food service facility. A 60,000 to 90,000 square foot elementary school can also be built on the site in the future as needed. This site is closer to more students than the current site.

The Center will encompass the 46,000 square feet Food Service Center and co-located garage for delivery truck storage. It permits the relocation onsite of food warehousing from other locations within the community and moves department management onsite for better supervision. A 1,000 foot long drive will be constructed south from Ludwig Road to the Center and utilities will similarly be brought to the back of the site. The Center will be entirely fenced to limit access. Five loading and off-loading docks will adjoin the Center; parking for 60 vehicles will be constructed. The Center will be sized to handle current and presently foreseen production and warehousing. It may be expanded by up to 13,000 square feet in the future if that becomes necessary.

Most of the building will be dedicated to food service preparation, storage, or assembly. Besides the processing which will be moved, the new facility has space for proper storage of food products which will reduce food costs for us in the future. The balance of the building will include department offices, a test kitchen, restrooms, employee locker rooms, a gowning area, and hand washing stations at all entrances. Significantly more frozen and refrigerated space will exist than in the current Center. The layout of the new Center and the flow of food products will be more efficient and the level of food safety, the prevention of contaminants, will be improved immeasurably. The building exterior will consist of insulated metal panels.

This project is projected to have bid construction cost of \$185 to \$190 per square foot. The height of the ceilings and the mechanical systems included are not comparable to a school building. However, FWCS is able to deliver a majority of the meals served within the district every day more efficiently, safer, and with more control than if each school building had its own kitchen. FWCS food service has successfully operated the Food Service Center in this manner since the early 1970's. Internal analysis supports the position that the Center is still able to deliver more cost effective and safer meals for FWCS students than other methods.

The following paragraphs were prepared by MSKTD & Associates to help the DLGF understand the reasons that this project does not fit neatly into the normal cost of school construction:

Recently (within the last year) MSKTD has been involved in three major food processing facilities, including Marzetti salad dressing, Eagle Foods sweetened and condensed milk, and Cooper Farms smoked and cooked turkey meat facilities, one each in Ohio, Kentucky and Texas. These facilities ranged in size from 60,000 square feet to 230,000 square feet and ranged in cost (without equipment) from \$180 to \$235 per square feet.

What differentiates a \$200 per square foot central food service facility from a conventional \$122 per square foot school building? The two main items are temperature and sanitation.

THERMAL ISSUES

A conventional school operates at 70 to 72 degrees F. Most of this central food service facility will operate at temperatures from 40 to -10 degrees F. These low temperatures are required to meet FDA food safety guidelines, HACCP Hazard Analysis and Critical Control Point.

To achieve and maintain these temperatures safely requires a much larger refrigeration system, greater building insulation and a complex vapor barrier system. All doors leading into these spaces are specially insulated doors and the doors providing access into below freezing temperature storage must be heated to prevent ice buildup on the doors. Even the loading docks will be kept at 40 degrees F. FWCS must prevent condensation within walls, floors and ceilings.

The larger refrigeration system will require large electrical switch gear and motor controls. A central control system is being provided to monitor the building's refrigeration system. Because of condensation and rust contamination concerns, stainless steel duct work and drip pans will be provided.

SANITIZATION ISSUES

All floors, walls and ceilings in food preparation areas must be washable and capable of resisting chemical corrosion from sanitization chemicals. Additionally the finishes must be capable of absorbing thermal shock from hot water wash downs in a cold environment.

All doors, windows and trim, even the hardware and fasteners, within the food preparation area need to be constructed of either reinforced fiberglass or stainless steel.

The ceilings in the processing areas need to be walkable to provide easy and sanitary access to overhead utilities. It also allows the utilities to be introduced into the space through a vertical drop, because exposed horizontal runs increase the likelihood of contamination. The walkable ceilings, greater amounts of conduit and piping for utilities, and the tall building requirements for storage, all increase the required overall building height.

There are a number of hot water hose stations that allow the complete wash down of the preparation areas, hand washing stations at each door, and foot foamers that sanitize boots and shoes. The sinks will all be hands free operation to reduce contamination potential. These areas will require roughly one grated floor sink for every 600 square feet, as well as the drainage piping to clean it out.

LUDWIG ROAD SITE

There were also some site issues that were addressed in the budget. This included running utilities to the site as well as a long road to the back of the site. The front portion of the site is being reserved for a future school.

OVERVIEW

Overall, the systems that MSKTD is recommending for this facility are adequate but not extraordinary. We have designed other facilities with greater sanitary and thermal extremes that were much more expensive. Having recently toured a similar facility that we did not design, we saw some short cuts that can be taken. These might reduce some initial costs, but in the long run would be more expensive. They will need to be replaced quicker and may jeopardize the sanitary aspects of the project.

Comments: The Superintendent spoke about the project. The project is to replace the current Food Service Center. Officials and the school board decided 35 years ago to have a centralized food service center. The current location has seen many changes over the years. The number of meals served and the variety of offerings has also changed. They are now serving breakfast and summer meals. They must deal with special diets and the diverse ethnic backgrounds of students in the district. The district has 54% of students on the free and reduced lunch program. The government oversight of food preparation has also increased. The equipment needed in food preparation has changed and this facility is around the average age of the school buildings in the district. The facility was in a flood plane when it was built, but now it is in a floodway and has flooded twice in the past five years. The freezer was not working well and a new one would require a building expansion. The Department of Natural Resources would not allow an expansion since it sits in a floodway. They looked at three options, do nothing, renovate on current site or outsource the service. Officials feel outsourcing is not an option since they have special dietary needs for some students and a wide variety of ethnic backgrounds. The school corporation owns land for the new food service center. A demographic study shows they will have steady enrollment, so the need for the service continues. There was no remonstrance filed and the only concerns were people surrounding the new site. The new facility will be more efficient and decrease the maintenance needs currently experienced.

The Chief Financial Officer continued the discussion. The school board approved this project since it fits in with the long-term needs of the district. This option assures the students are served nutritious lunches they like to eat. Officials began this process in 2003 when the freezer began having mechanical problems. They are shifting to using more frozen foods rather than canned and new guidelines would cause a change in temperature requirements. The new center would be on land purchased in 1957 and would have been for another school. The area is more light industrial than residential so a school would not be necessary in that area. They will move the departmental offices for food service to the new facility. Officials expect to save \$180,000 per year on leased warehouse space they currently use. The service prepared over 16,000 meals per day and over 3 million last year. The cost of this project cannot be compared to other school building projects because it is so different. Officials feel they have more control of food preparation and quality by not having many separate kitchens. The lease rental is for a payment of \$1,340,000 for 14 years, but they now expect the payments to be \$1,250,000 for 12 years. A new facility appeal in the amount of \$350,000 is expected for utility costs.

George Bachnivsky of MSKTD & Associates continued the discussion. His firm has designed many food preparation facilities and currently have three facilities under construction. The costs of these types of facilities range from \$185 to \$235 per square foot. The main concern is maintaining food safety through sanitization and temperature. The walls of this facility will be washable and there will be many floor drains installed. All of the piping and conduit will be outside of the walls to keep rodents out of them. They will install walkable ceilings to allow for maintenance work on the HVAC system. There will be three different hot water temperatures for uses such as hand washing and cleaning. There will be gowning and degowning areas for employees to change clothes. There will be a pressurized mechanical system to minimize the potential for dust. Condensation must be controlled in the facility because it carries bacteria.

Mr. Bronnert asked what officials planned to do with the existing equipment. Mr. Bachnivsky said they will replace the equipment and most needs to be changed out due to age. Mr. Bronnert asked what would be done with the building. The Superintendent said they have looked at several options and it would cost more to tear it down than to leave it standing. Renovation is not an option since it sits in the floodway. They plan to store equipment in it for now. If a flood is imminent, then the equipment could be moved to a safe location.

Ms. Johnson asked how many ethnic backgrounds are in the student population. The Superintendent said there are 70 different languages spoken, so they are more diverse than most school districts. The menu offered by an outside company may not match their needs. The food services director said they also have food allergies that need to be considered. They also offer theme weeks that spotlight different ethnic backgrounds.

Mr. Barnes asked if an amortization schedule was submitted and Mr. Wilson replied yes.

Mr. Nemeth asked if there was additional costs for delivery and new trucks, or is this project cost for the building only. Officials said there was one new truck included in the costs. Mr. Bachnivsky noted that the tailgates of the current trucks need to be retooled for the new loading dock. Mr. Nemeth asked if the school was providing meals for their students only. The

Superintendent said they provide meals for some daycares and parochial schools. Mr. Nemeth asked how many and the Chief Financial Officer said about 200,000 or 8% of the total meals prepared. Mr. Nemeth asked if they compete with private firms and the Superintendent said they are not looking to compete. Mr. Nemeth asked what was included in the loose equipment budget and Mr. Bachnivsky said it was for food preparation equipment.

Mr. Bowen questioned the cost per square foot of the facility. He felt it was high compared to other building projects. Officials said the facility would ensure a sanitary environment for food preparation. The Superintendent said they would have to renovate all 35 facilities to accommodate kitchen space.

Ms. Bond asked if there are any other school facilities in the floodway and the Superintendent replied no.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$1,340,000 for 14 years. Mr. Bronnert seconded the motion, which carried 6-1. Mr. Bowen cast the dissenting vote.

MSD of Martinsville, Morgan County: Officials requested approval of a lease rental agreement with maximum annual payments of \$864,000 for 12 years. Total project costs are \$6,365,000. The tax rate impact of the project is \$0.06. The common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Ron Furniss, Superintendent; Randy Taylor, School Official; Brian Pickering, Siemens Building Technologies; Lonnie Therber, Therber & Brock and Jane Herndon and Jim Shanahan, Ice Miller.

Project: The project includes:

- HVAC improvements to Martinsville High School, Brooklyn Elementary School and Centerton Elementary School.
- Upgrading the Energy Management System at Martinsville High School, Brooklyn Elementary School and Centerton Elementary School.
- Providing energy efficient lighting upgrade at Martinsville High School, Brooklyn Elementary School and Centerton Elementary School.
- Providing a new front entrance at Martinsville High School.
- Enclosing the IMC walls at Martinsville High School.
- Replacing the exterior doors at Martinsville High School.
- Providing card access at Martinsville High School.
- Replacing the student lockers at Martinsville High School.
- Providing new corridor flooring at Martinsville High School.
- Providing card access and cameras at Brooklyn Elementary School and Centerton Elementary School.
- Providing new domestic piping at Centerton Elementary School.
- Replacing the electrical panel in the boiler room at Centerton Elementary School.
- Utility Bill Manager.
- Maintenance Management Program.

Comments: Mr. Shanahan spoke about the project. He noted this project was similar to the Edinburgh Schools project, but differed in two areas. The first is the fact that Martinsville received three proposals for their project. Smaller projects like Edinburgh typically only receive one proposal. Martinsville officials went further by turning those proposals over to an independent firm for them to review. The second difference was that this project was over \$2 million and was subject to the petition and remonstrance process. There were no applications filed in opposition to the project.

The Assistant Superintendent continued the discussion. He said they are currently in a contract with Siemens on a prior project and have realized savings. Officials still preferred getting bids from other contractors. The facility needs in the school district are great as the HVAC systems are original to the buildings. The company that installed the system at the high school is out of business so they have to fix it with generic parts. They spend a great deal of time maintaining the current equipment. The air quality in the facilities is also a concern. The high school has mold issues in the corridor areas. The project was brought before the community and officials have received no complaints. There are security concerns at the high school with the main entry not being near the main office. The project mainly involves infrastructure improvements.

Mr. Barnes said he felt more comfortable with the process the school officials completed to arrive at this project. Mr. Barnes noted some of the other items included in this project, such as security and wall installation. Mr. Pickering said the law allows up to 15% of an Energy Savings project to include non-energy items. This project includes about 10% of non-energy items. Mr. Nemeth questioned the entryway portion of the project. The Assistant Superintendent said they experienced some vandalism with the current entry. The new area will be more secure as the current is located more on the side of the building.

Mr. Bronnert asked if the majority of the savings would be in reduced energy costs or maintenance. Mr. Pickering said they expect \$400,000 of General fund savings with the rest representing operational cost savings.

Mr. Bowen asked if construction costs are to be paid up front. Mr. Shanahan said they would be paid as the work is completed.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$864,000 for 12 years. Mr. Bowen seconded the motion, which carried 6-1. Mr. Barnes cast the dissenting vote.

Adjournment: There was no further business to discuss and the meeting was adjourned.